

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 CU-04 OMB-01 EB-08 TRSE-00 XMB-02 AGRE-00  
/074 W

-----068970 130518Z /20

R 130158Z SEP 77

FM USLO PEKING

TO SECSTATE WASHDC 8684

INFO AMCONSUL HONG KONG

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 2047

E.O. 11652: GDS

TAGS: ECON PINT ENRG CH

SUBJ: OBSERVATIONS IN CHENGCHOW, WUHAN, CHANGSHA AND KWANGCHOW

1. SUMMARY: USLO OFFICER VISITED WUHAN, CHANGSHA AND SWANGCHOW FROM SEPTEMBER 4-10. THE THREE CITIES WERE DEVOID OF POLITICALLY SIGNIFICANT POSTERS AND WERE BUSTLING WITH ECONOMIC ACTIVITY. NONE OF THE INDUSTRIAL ENTERPRISES VISITED ADMITTED THAN ANY NEW WAGE SYSTEM HAS BEEN INTRODUCED. A CENTRAL POLICY DECISION REGARDING WAGE ADJUSTMENTS IS EXPECTED IN THE NEAR FUTURE, HOWEVER. THE WUHAN IRON AND STEEL COMPANY SHOWED EVIDENCE OF HAVING CEASED PRODUCTION IN THE RECENT PAST. AT PRESENT ONLY TWO OPEN HEARTH FURNACES APPEAR TO BE IN USE. THE RICE CROP IN SOUTHEASTERN HUPEH AND NORTHEASTERN HUNANA APPEARED EXCELLENT. END SUMMARY.

2. USLO OFFICER TRAVELING THROUGH WUHAN, CHANGSHA AND KWANGCHOW FROM SEPTEMBER 4-10 SAW NO SIGNIFICANT POLITICAL POSTERS IN ANY OF  
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THESE CITIES. THE MOOD APPEARED TO BE ONE OF COMPLETE NORMALCY AND ECONOMIC ACTIVITY APPEARED BRISK. AN AUGUST 14 NOTICE FROM THE CANTON PEOPLE'S MIDDLE COURT WAS POSTED WIDELY IN THAT CITY. THE NOTICE ANNOUNCED DEATH SENTENCES FOR ONE "TRAITOR" WHO ALLEGEDLY WORKED WITHIN A KMT SPY RING AND

FOR ONE "COUNTER-REVOLUTIONARY"; SENTENCES  
OF FROM FIVE YEARS TO LIFE IMPRISONMENT WERE  
METED OUT TO ABOUT TWENTY PERSONS FOR CRIMES OF VIOLENCE.

3. THE OFFICER VISITED THE WUHAN IRON AND STEEL  
COMPANY, THE WUHAN HEAVY MACHINE TOOL FACTORY  
AND THE CANTON PAPER FACTORY. NONE OF THESE  
ENTERPRISES' SPOKESMEN WOULD ADMIT TO ANY WAGE  
ADJUSTMENT OF WAGE POLICY CHANGE HAVING RECENTLY  
TAKEN PLACE, BUT THEY ALL STATED THAT THEY WERE  
EXPECTING A CENTRAL DECISION IN THE NEAR FUTURE.  
THE CHAIRMAN OF THE CANTON PAPER FACTORY  
REVOLUTIONARY COMMITTEE OFFERED THAT THE NEW  
POLICY WOULD PROBABLY INVOLVE ACROSS-THE-BOARD  
WAGE INCREASES FOR LOWER-PAID WORKERS  
RATHER THAN BONUSES FOR INDIVIDUAL PRODUCTION  
PLAN OVERFULFILLMENT.

4. THE WUHAN IRON AND STEELCOMPANY SHOWED  
DISTINCT SIGNS OF HAVING CEASED PRODUCTION IN  
THE RECENT PAST. AT THE NUMBER ONE STEEL PLANT  
ONLY TWO OF SIX OPEN HARTH FURNACES WERE  
OBSERVED TO BE IN PRODUCTION. AT LEAST ONE  
FURNACE WAS UNDER REPAIR. THE STEEL PLANT  
WAS A SHAMBLES. FOUR STEEL LADLES WERE  
OBSERVED TO BE CRACKED, TURNED OVER OR FILLED  
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WITH SOLIDIFIED STEEL. ONE OF FOUR BLAST FURNACES WAS  
OBSERVED TO IN PRODUCTION; THE STATUS OF THE  
OTHER THREE FURNACES IS UNKNOWN, BUT NONE  
WAS OBSERVED TO BE EMITTING SMOKE. THE OLD  
ROUGHING MILL APPEARED TO BE OPERATING NORMALLY.  
SEVERAL TATTERED, OLD, POSTERS CALLING FOR THE  
ROOTING OUT OF CLASS ENEMIES AND FOLLOWERS OF THE  
"GANG OF FOUR" WERE OBSERVED INSIDE THE STEEL PLANT.

5. RICE CROPS IN SOUTHEASTERN HUPEH AND NORTHEASTERN  
HUNAN LOOKED EXCELLENT. COTTON PLANTS APPEARED STUNTED, A  
CONDITION WHICH A CTS GUIDE ATTRIBUTED TO OVER-ABUNDANT  
RAINFALL IN RECENT MONTHS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL STABILITY, ECONOMIC DEVELOPMENT, TRAVEL REPORTS, URBAN AREAS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** OBSERVATIONS IN CHENGCHOW, WUHAN, CHANGSHA AND KWANGCHOW  
**TAGS:** ECON, PINT, ENRG, PINR, CH  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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